

**Actions Affecting Major State Tax, License and Fee Estimates
and Estimates of Net Available State General Fund Revenue**

2004 First Extraordinary Session

Instrument	Description	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
SESSION ACTIONS - REVENUE							
General Sales Tax							
Act 4 1st Ex. Sess. HB 1	<p>Renews the suspension of sales tax exemptions for five years, through June 30, 2009. The transactions primarily subject to tax under this measure are utility services purchased by businesses. However, a variety of other, largely commercial, transactions will also continue to be subjected to taxation.</p> <p>An exception for utility purchases by certain steelworks and blast furnaces was added explicitly to this bill. This exception reduces the impact of this measure by some \$930,000 per year (\$923,000 State General Fund and \$7,000 Tourism Promotion District)</p> <p>Effective July 1, 2004.</p>		\$160,970,000	\$160,970,000	\$160,970,000	\$160,970,000	\$160,970,000
Act 1 1st Ex. Sess. HB 2	<p>Phases out the state sales & use tax on certain machinery/equipment purchased by firms classified as manufacturers by the North American Industrial Classification System (sectors 31 - 33) and firms classified as agricultural, forestry, fishing, and hunting (sector 11). The start of the phase-out and its specific amount each year depends on the official FY05 state general fund revenue estimate relative to the estimate adopted December 16, 2003.</p> <p>If the FY05 forecast increases by less than \$180 million, the phase-out begins in FY06 at 14%. The revenue loss is shown in the first line to the right.</p> <p>If the FY05 forecast increases by more than \$180 million but less than \$235 million, the phase-out begins in FY05 at 2%. The revenue loss is shown in the second line to the right.</p> <p>If the FY05 forecast increases by at least \$235 million, the phase-out begins in FY05 at 5%. The revenue loss is shown in the third line to the right.</p>			(\$15,012,000)	(\$31,940,000)	(\$46,347,000)	(\$62,872,000)
			\$2 million loss	\$17 million loss	\$35 million loss	\$52 million loss	\$69 million loss
			\$5 million loss	\$20 million loss	\$40 million loss	\$60 million loss	\$76 million loss
Act 5 1st Ex. Sess. HB 8	<p>Extends the sales tax exemption for utilities purchased by certain steelworks and blast furnaces until June 30, 2007.</p> <p>This exemption reduces state revenue by \$930,000 per year in FY05, FY06, and FY07 (state general fund \$923,000 per year and tourism district \$7,000 per year).</p> <p>This impact has been incorporated in to the estimate for HB 1 above because this exemption was explicitly added to the list of preferred exemptions not being suspended by that bill.</p> <p>Effective July 1, 2004.</p>		DECREASE Contained in HB 1 Estimate Above	DECREASE Contained in HB 1 Estimate Above	DECREASE Contained in HB 1 Estimate Above		

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Act 6 1st Ex. Sess. HB 9	Treates "other constructions permanently attached to the ground" as immovable property for purposes of the state sales & use tax. Effectively excludes these "other constructions" from state sales & use tax. Existing compliance thought to be minimal. Effective upon governor's signature.		MINIMAL DECREASE	MINIMAL DECREASE	MINIMAL DECREASE	MINIMAL DECREASE	MINIMAL DECREASE
Act 8 1st Ex. Sess. HB 15	Excludes from state sales tax fuels or gas such as butane or propane purchased for residential use by the consumer. Effective July 1, 2004.		(\$4,300,000)	(\$4,300,000)	(\$4,300,000)	(\$4,300,000)	(\$4,300,000)
Act 10 1st Ex. Sess. HB 35	Permanently extends the sales & use tax exemption for 26,000 trucks, trailers, and contract carrier buses used 80% of the time in interstate commerce. Effective June 30, 2004.		(\$500,000)	(\$500,000)	(\$500,000)	(\$500,000)	(\$500,000)
Act 14 1st Ex. Sess. SB 15	Extends until June 30, 2007 the LA Tax Free Shopping Program. Effective upon governor's signature.		(\$800,000)	(\$800,000)	(\$800,000)		
Corporate Income and Franchise Tax							
Act 2 1st Ex. Sess. HB 3	Phases out the borrowed capital component of the franchise tax evenly (14 percentage points per year) over a seven year period. Starts with tax periods beginning in 2006. Effective January 1, 2006.			(\$22,500,000)	(\$45,100,000)	(\$67,600,000)	(\$90,200,000)
Act 7 1st Ex. Sess. HB 10	Permanently extends, beyond January 1, 2007, the motion picture investor tax credit program. Caps tax credits at the total amount of spending in the state associated with each qualified project. Allows carry-forward of unused credit amounts for ten years. Effective upon governor's signature.				(\$4,750,000)	(\$9,500,000)	(\$9,500,000)
Act 12 1st Ex. Sess. SB 9	Extends, for three years, the tax credit program for rehabilitain of historic structures located in downtown development districts. Effective for all taxable periods ending prior to January 1, 2008. Effective upon governor's signature.		(\$532,000)	(\$2,600,000)	(\$3,400,000)	(\$3,500,000)	(\$1,700,000)

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Act 13 1st Ex. Sess. SB 14	Extends until January 1, 2008, the authority for the Department of Economic Development to approve new applications for participation in the Quality Jobs Program. Effective upon governor's signature.			(\$3,500,000)	(\$3,500,000)	(\$3,500,000)	(\$3,500,000)
Total Adjustments To Major State Tax, License And Fee Estimates		\$0	\$154,838,000	\$111,758,000	\$66,680,000	\$25,723,000	(\$11,602,000)
SESSION ACTIONS - DEDICATIONS							
Budget Stabilization Fund							
Act 11 1st Ex. Sess. SB 8	Raises the mineral revenue threshold, above which collections are deposited into the Budget Stabilization Fund, from \$750 million to \$850 million. The effect of this is to allow mineral revenue collections between \$750 million and \$850 million (after deducting parish severance and royalty allocations) to be retained by the State General Fund (SGF) rather than the Budget Stabilization Fund. Based on the current official forecast, this will make available to the SGF \$51.5 million of mineral revenue in FY04. Current forecasts do not result in additional revenue being made to the SGF in subsequent fiscal years. Actual amounts made available to the SGF in any particular fiscal year will depend on revised forecasts and ultimately actual collections. Effective upon governor's signature.	(\$51,500,000)					
Adjustments To Dedications of Major State Tax, License, and Fee Estimates		(\$51,500,000)	\$0	\$0	\$0	\$0	\$0
TOTAL ADJUSTMENTS TO OFFICIAL NET AVAILABLE STATE GENERAL FUND-DIRECT REVENUE FORECAST		\$51,500,000	\$154,838,000	\$111,758,000	\$66,680,000	\$25,723,000	(\$11,602,000)